

# 9 Economic development

## 9.1 Introduction

Today Madison Township is an exurban community with an economy rooted in nurseries, and increasingly, retail and service businesses. In recent years, with increased residential development, the role of agriculture has diminished. Resident opinions are split regarding commercial and industrial development; some favoring it, because it will shorten long drives for daily errands and provide a boost to the underlying tax base; others opposing it because of the threat it could pose to the valued small town character of the community.

The Economic Development element identifies policies and strategies that will address the well being of Madison Township – its communities, businesses and residents – in a local and regional economic context. It includes analysis of the local economy assessing its strengths and weaknesses in terms of the scope and character of the local employment base, the relationship between the local labor force and local opportunities for employment, and an assessment of current and future needs of the community.

The intent of the Economic Development element is to plan for increasing the employment and tax base and the diversity of retail services in the township, while ensuring the semi-rural character of the community is not irreparably harmed.

## 9.2 Economic influences

Lake County and Madison Township are influenced by overall economic trends in northeast Ohio. Locally, the agricultural landscape, Interstate 90, the lakefront and Madison Village are directly related to the economy of the township. Most day-to-day needs are met by businesses located along the North Ridge Road/US 20 corridor in Madison Township, and retail centers elsewhere in Lake and Ashtabula counties. Businesses in the core of Madison Village are less comprehensive, but township residents often take advantage of the retail and dining options along Main Street.

The amount of retail leakage in Madison Township – the difference between actual and potential retail sales in a community, or the amount of retail sales lost to other communities – is high, although the exact amount cannot be determined without a detailed retail study. The amount of retail leakage is shrinking as large national retailers expand into the township. However, most new retailers cater to lower to middle-income demographics. Madison Township residents satisfy their needs for mid-end to upper-end clothing, electronics, appliances and other goods in Mentor and other retail centers in Cleveland's eastern suburbs.

Major barriers to retail, commercial and industrial development include the low number of "rooftops" or residents, and the limitations of sewer service. Being located on the fringe of the Cleveland metropolitan area makes Madison Township a less-than-ideal location for general office uses. However, offices for professional and medical uses that serve the local population and residents of surrounding villages and townships are feasible.

There is only a very small manufacturing base in Madison, mostly located in the village. Perfection Corporation, a manufacturer of mechanical joining products for natural gas and propane gas distribution systems, announced they will be relocating to North Carolina. Chemmasters is a manufacturer of specialty construction products to repair, and protect concrete and masonry. Semi-industrial uses such as machine shops, auto body shops, excavating firms, HVAC contractors, and similar businesses are not uncommon in Madison Township.

The nursery industry remains the anchor of Madison Township and Lake County agriculture. The 1998 Census of Horticultural Specialties counted 68 horticultural operations in the county, generating \$59,153,000 in total sales, and \$54,656,000 in wholesale sales. The Nursery Growers of Lake County have tallied over 100 nurseries in Lake County, generating an estimated \$90,000,000 in annual wholesale sales. The Nursery Growers of Lake County claim the nursery industry employs 2,700 full and part time workers; this statistic includes nine nurseries outside of Lake County.

### **COST OF COMMUNITY SERVICES**

According to cost of service studies conducted by municipalities throughout the United States, the cost of providing services for residential uses is greater than the property tax revenue they generate. Commercial and industrial uses pay more in taxes than the cost of services they use, essentially subsidizing residential uses and decreasing their tax burden.

Developed by the American Farmland Trust in 1990, cost of community service studies are being completed by communities throughout Ohio. These studies allow community leaders to evaluate how their revenues compare with their expenditures.

Table 9.1

#### **Cost of service studies in Ohio**

<i>Community</i>	<i>Cost of services used for every \$1 paid in property tax</i>		
	<i>Residential</i>	<i>Commercial and industrial</i>	<i>Agricultural</i>
Madison Township / Lake County (1993)	\$1.40	\$0.25	\$0.30
Madison Village / Lake County (1993)	\$1.67	\$0.20	\$0.39
Hocking Township / Fairfield County (1999)	\$1.10	\$0.27	\$0.17
Liberty Township / Fairfield County (1999)	\$1.15	\$0.51	\$0.05
Union Township / Ross County (1998)	\$1.00	\$0.31	\$0.60
Huntington Township / Ross County (1998)	\$1.01	\$0.38	\$0.19
Madison Township / Lake County (2007)	\$1.24	\$0.33	\$0.30
<i>(Prindle 1999, 2000; American Farmland Trust 1993)</i>			

The outcome is a ratio of the amount of money needed to provide public services (fire, police, education, community centers, and so on) for every dollar collected in property taxes.

The results of these studies support the claims presented by smart growth advocates, farmland preservation taskforces, and local citizens; conventional suburban residential development requires higher financial resources in the long term to provide public services. Table 9.1 illustrates the similar results in Madison Township, Madison Village, and four other Ohio townships that conducted cost of service studies.

For every dollar in property taxes paid by residential property owners in Madison Township, \$1.24 in services is required. Services provided to residents are subsidized by commercial and industrial property owners; for every dollar they pay in property taxes, they require 33 cents in services. Nursery owners also subsidize services to residents; for every dollar they pay in property taxes, agricultural uses require 30 cents in services.

Current and future leadership should carefully evaluate the long-term impacts of current levels of services provided, and the impact of residential development on the village revenue stream without adequate commercial and industrial development to offset it.

*Note: At the time this plan was prepared (Fall 2008), draft research project indicated the local winery industry generated approximately \$30 million in economic impacts.*

### 9.3 Desired businesses

A survey conducted as part of the planning process for the US 20 Corridor Plan for Madison Township asked respondents to score the desirability of different types of businesses and land uses that might be found along the corridor. Sit-down restaurants, nurseries, offices, banks, grocery stores, and small-scale retail scored at the top, while low-end commercial and semi-industrial uses such as vehicle and engine repair and service, auto parts stores, heavy/construction equipment sales and rental, auto, truck and RV sales, contractor yards, mobile home parks and mobile home sales ranked at the bottom.

A recurring theme of written survey responses and public meeting comments, in Madison Township, Madison Village and in surveys conducted in nearby communities, is that “there’s no place to shop.” Most consumable goods such as groceries and drugs could be found in Perry and Madison Townships, but the options for clothing, furniture, appliances, and other durable and dry goods are extremely limited. Retail uses are limited in Madison Village; small grocery and convenience stores and antique and gift stores predominate. The selection of restaurants is also very limited; either small diners with limited hours, taverns with a kitchen, or fast food. There are no movie theaters, miniature golf courses, arcades, bowling alleys, or other outlets for entertainment. Low-end uses such as dollar stores and used car dealers are common in Madison Township.

Retailers often have very firm ideas about what is considered an ideal location, and these ideas do not necessarily mesh with what a community has to offer. While a municipality or township has sites where it would like to see a store or restaurant locate, the retailer has its own ideas about where it would like to go. More often than not, these sites are not the same.

Retail and restaurant site selection specialists often use a formula to determine whether a market is a viable location for a store or restaurant. Criteria determining an ideal location are mostly quantitative, and usually include the following:

- Population living in a certain radius (mileage and driving time).
- Percentage of families versus singles in a certain radius.
- Average family and household income in a certain radius.
- Average age of the population in a certain radius.
- Cumulative income of all people in a certain radius.
- Education level in a certain radius.
- Number of jobs in a certain radius.
- Traffic volume at a location.
- Utility availability at a location.
- Proximity of other mid- and high-end retail development (positive).
- Proximity of low-end commercial development (negative).
- Property size and geometry.
- Potential return on investment.

Table 9.1  
US 20 Corridor Plan survey: desired uses

<i>Business type or land use</i>	<i>Score (-2 strongly oppose to +2 strongly support)</i>					
	<b>All received surveys</b>		<b>Residential</b>		<b>Business owners/mgrs</b>	
	<b>Median score</b>	<b>Standard deviation</b>	<b>Median score</b>	<b>Standard deviation</b>	<b>Median score</b>	<b>Standard deviation</b>
Sit-down restaurants	1.20	1.11	1.23	1.07	1.00	1.39
Nurseries	0.70	1.27	0.77	1.23	0.08	1.42
Entertainment (movie theaters, etc.)	0.78	1.28	0.76	1.28	1.00	1.21
Medium-scale retail and commercial	0.73	1.23	0.72	1.24	0.84	1.21
Small-scale retail and commercial	0.73	1.10	0.70	1.10	0.99	1.03

Grocery stores	0.70	1.22	0.69	1.22	0.73	1.26
Professional and medical offices	0.66	1.08	0.64	1.07	0.84	1.17
Banks	0.43	1.10	0.41	1.10	0.61	1.09
Large big box stores	0.39	1.60	0.39	1.59	0.33	1.70
Medium big box stores	0.41	1.43	0.38	1.43	0.60	1.39
Information technology	0.36	1.01	0.33	0.99	0.59	1.10
Light industry	0.29	1.28	0.25	1.27	0.60	1.28
Single family houses	0.17	1.34	0.18	1.34	0.05	1.39
Gas stations	0.17	1.15	0.13	1.16	0.47	1.02
Personal services	0.13	1.07	0.09	1.08	0.43	0.99
Convenience stores	0.00	1.22	-0.03	1.22	0.28	1.20
Hotels and motels	0.01	1.35	-0.05	1.34	0.54	1.37
Auto parts stores	-0.09	1.11	-0.11	1.11	0.11	1.08
Fast food restaurants	-0.10	1.26	-0.12	1.25	0.04	1.35
Vehicle and engine repair and service	-0.19	1.17	-0.22	1.16	0.06	1.22
Townhouses	-0.28	1.29	-0.29	1.28	-0.17	1.31
Auto, truck and RV sales	-0.52	1.17	-0.56	1.15	-0.16	1.27
Heavy equipment sales and rental	-0.64	1.15	-0.69	1.14	-0.21	1.21
Contractor yards	-0.68	1.11	-0.71	1.09	-0.38	1.23
Apartment complexes	-0.71	1.21	-0.73	1.20	-0.49	1.33
Mobile home sales	-0.85	1.10	-0.88	1.08	-0.60	1.23
Mobile home parks	-1.19	1.11	-1.21	1.09	-1.00	1.24

(Madison Township US 20 Corridor Study, Lake County Planning Commission 2005)

Each of these criteria carries a different weight, depending on the type of business. A bookstore may place a greater emphasis on the education and income in an area, while chain restaurants often look at the employment base in the area, so they can profit from lunch as well as dinner business. Sewer service is more important for uses that generate plenty of wastewater, such as sit-down restaurants.

For example, despite a lack of competition, Starbucks is unlikely to locate in Madison Township or surrounding communities until after stores have been opened in other locations the chain considers more lucrative. The chain prefers locations with a high percentage of well-educated residents in their 20s and 30s, a large nearby employment base of office workers, or along a busy commuting route to an office district.

Lack of competition in the area, a lack of retail development, vocal resident demand, and a positive “gut feeling” are, unfortunately, only considered very minor factors in site selection, if at all. A surplus of commercial-zoned land, property taxes and leniency of zoning and architectural regulations are usually not considered at all.

All businesses seek a high potential return on investment. A store may make a profit in Madison Township, but if there is the opportunity of a greater return in another area, the chain will locate an outlet there instead, not developing in the township until most of the other more lucrative locations have been developed.

The mantra of commercial developers is “retail follows rooftops.” The population of eastern Lake County is growing at a slow pace. Among site selection specialists, the small, low-density population base of the area is a liability compared with more populated areas. The presence of a new Wal-Mart store in Madison Township may attract the attention of national retailers scouting for new store locations. The middle-class, blue-collar-leaning demographics of the surrounding area is highly sought-after by mid-end retail chains such as Home Depot, Michael’s and Old Navy. However, new retail uses will likely locate closer to the new Wal-Mart.

New retail businesses will not be attracted to Madison Township by handouts and incentives, low taxes, or lenient zoning or signage regulations. Instead, they will look at the population within an easy driving distance of the store, the average income of those living nearby, high

traffic volumes, utility availability, and the prospect of a high return on their investment compared to other possible locations.

Despite the challenge in attracting desired businesses, community officials can be proactive in promoting the North Ridge Road/US 20 corridor, Madison Village center and the Exit 212 area as an ideal site for retail development. Township officials should also working closely with land owners, and network with commercial developers in the Cleveland area, and in cooperation with village officials.

## 9.4 The Lakefront

The Lake Erie shoreline is a natural, social and ***economic*** asset for the Township. Research from other Great Lakes communities' clearly validates the importance of protecting the lakefront and creating usable beaches and marinas that will attract people and ultimately outside investment. Public investment in facilities and infrastructure in areas such as Stanton and Township Parks will yield private landside investment in surrounding areas. This includes lodging, restaurants, retail and so on. Families are currently looking to vacation to areas closer to home due to rising energy cost. Madison Township should capitalize on this opportunity.

The Lake County Coastal Plan provides a conceptual framework or guide for the revitalization of Madison's lakefront. Creating destination based amenities should be encouraged in future planning and zoning decisions at the local level.

## 9.5 Incentives for economic development

Retailers establish a business at a location because a market exists for a product or service they offer. Incentives are not required to lure a new retail business, and few government agencies in the United States offer direct incentives to retailers. However, they may fund general improvements such as streetscape beautification and new infrastructure, to create an environment that is more attractive to retail businesses. Tax increment financing (TIF) districts, where improvements are funded with bonds that are paid back from the revenue of increased property taxes directly resulting from those improvements, are also used to fund improvements that will attract retail development.

Use of incentives and other government assistance, such as property acquisition through eminent domain, should not be directed at specific retail businesses. Such incentives amount to a local government subsidy of a retailer that will compete with established merchants, giving it an unfair advantage in the marketplace. Incentives should not be offered to national retailers that would probably be established in the community even if such a benefit were not offered. Incentives should also not be offered for retail projects that may hurt shopping districts in surrounding communities.

The majority of township residents want more commercial development, but it is important not to rush to get it. The intent of attracting more retail and commercial uses to the township should be to provide greater convenience to residents that normally have to travel long distances for day-to-day needs, and diversify the tax base. Subsidizing commercial and industrial uses by offering tax abatement or other financial incentives may attract some businesses in the short term, but long-term use of such benefits would be contrary to the intent of attracting them to begin with. The township should not compete with the village to attract retail and commercial uses.

## 9.6 Smart growth and economic development

Recognizing the importance of economic development issues and their role in smart growth, in 1997 the Local Government Commission developed a set of 15 principles specifically focused on economic development. The Ahwahnee Principles for Economic Development promote the following.

- 1. Integrated approach.** Government, business, education, and the community should work together to create a vibrant local economy, through a long-term investment strategy that encourages local enterprise, serves the needs of local residents, workers, and businesses, promotes stable employment and revenues by building on local competitive advantages, protects the natural environment, increases social equity, and is capable of succeeding in the global marketplace. For the village, this means an emphasis on small, locally owned businesses that offer middle-class and higher wages, which produce a product or offer a service that meets a need not just locally, but regionally and nationally.
- 2. Vision and inclusion.** Communities and regions need a vision and strategy for economic development according to the principles. Visioning, planning and implementation efforts should continually involve all sectors, including the voluntary civic sector and those traditionally left out of the public planning process. The Comprehensive Plan should be a start for a larger economic development planning effort in the village, which includes businesses, community officials, and residents.
- 3. Poverty reduction.** Economic development efforts should be targeted to reducing poverty, by promoting jobs that match the skills of existing residents, improving the skills of low-income individuals, addressing the needs of families moving off welfare, and insuring the availability in all communities of quality affordable child care, transportation, and housing.
- 4. Local focus.** Because each community's most valuable assets are the ones they already have, and existing businesses are already contributing to their home communities, economic development efforts should give first priority to supporting existing enterprises as the best source of business expansion and local job growth. Luring businesses away from neighboring communities is a zero-sum game that creates no new wealth in the regional economy. Community economic development should focus instead on promoting local entrepreneurship to build locally-based industries and businesses that can succeed among national and international competitors.
- 5. Industry clusters.** Communities and regions should identify specific gaps and niches their economies can fill, and promote a diversified range of specialized industry clusters drawing on local advantages to serve local and international markets. The manufacturing sector of Lake County includes a growing cluster of businesses related to aircraft parts, medical equipment, and precision machinery. This niche could form the foundation for enhancing a manufacturing-based local economy, and compensate for the loss of heavier industrial operations. New white-collar jobs based on engineering and research in specialized industry sectors can complement manufacturing-based jobs, and provide a more diversified, recession-resistant local economy.
- 6. Wired communities.** Communities should use and invest in technology that supports the ability of local enterprises to succeed, improves civic life, and provides open access to information and resources. High-speed broadband Internet service, and universal wi-fi connectivity, will make the village more attractive to home-based businesses. Many exurban communities throughout the United States, although few in Ohio are considering community wi-fi networks,
- 7. Long-term investment.** Publicly supported economic development programs, investments, and subsidies should be evaluated on their long-term benefits and impacts on the whole

community, not on short-term job or revenue increases. Public investments and incentives should be equitable and targeted, support environmental and social goals, and prioritize infrastructure and supportive services that promote the vitality of all local enterprises, instead of individual firms.

**8. Human investment.** Because human resources are so valuable in the information-nation age, communities should provide lifelong skills and learning opportunities by investing in excellent schools, post-secondary institutions, and opportunities for continuous education and training available to all. Vocational education and skills training should be continued on a regional basis, creating a pool of talent that would be an incentive for employers to locate in the area.

**9. Environmental responsibility.** Communities should support and pursue economic development that maintains or improves, not harms, the environmental and public health. Development should respect and maintain the environmental well-being and semi-rural character of the township; watersheds, tree cover, air quality and lack of noise and light pollution.

**10. Corporate responsibility.** Enterprises should work as civic partners and stewards, contributing to the communities and regions where they operate, protecting the natural environment, contributing to civic affairs, and providing workers with good pay, benefits, opportunities for upward mobility, and a healthful work environment.

**11. Compact development.** To minimize economic, social, and environmental costs and efficiently use resources and infrastructure, new development should take place in existing urban, suburban, and rural areas before using more agricultural land or open space. The use of vacant land closer to the village center rather than existing nursery land is strongly encouraged.

**12. Livable communities.** To protect the natural environment and increase quality of life, neighborhoods, communities and regions should have compact, multidimensional land use patterns that ensure a mix of uses, minimize the impact of cars, and promote walking, bicycling, and transit access to employment, education, recreation, entertainment, shopping, and services.

**13. Center focus.** Communities should have an appropriately scaled and economically healthy center focus. At the community level, a wide range of commercial, residential, cultural, civic, and recreational uses should be located in the town center or downtown. Concentrating development in North Madison, the Madison Village center, or a traditional town center, if developed, meets this principle.

**14. Distinctive communities.** Having a distinctive identity will help communities create a quality of life that is attractive for business retention and future residents and private investment. The village must work to reinforce its sense of uniqueness, attractiveness, history, and cultural and social diversity, and a strong local sense of place, keeping it distinct from other exurban communities.

**15. Regional collaboration.** Since industries, transportation, land uses, natural resources, and other key elements of a healthy economy are regional in scope, communities and the private sector should cooperate to create regional structures that promote a coherent metropolitan whole that respects local character and identity.

This plan recommends that all economic development efforts conform to the Ahwahnee Principles for Economic Development and smart growth principles in general.



## 9.6 Goals and policies

Each primary paragraph (in bold type) is a statement of a goal. The subparagraphs are policies for implementing the goal. Many goals and policies related to utilities can be found in the throughout the plan.

**ED-1      As appropriate, smart growth principles will be part of the foundation for economic development in Madison Township.**

ED-1-p1      Use sound long-term planning principles, including concepts embodied in the Ahwahnee Economic Development Principles, to guide economic development in the township.

ED-1-p2      Ensure economic development efforts directed towards commercial or retail development have the intent of protecting and reinforcing a distinctive sense of place, and creating or maintaining a vibrant community center.

**ED-2      Strictly controlled commercial development will be encouraged to serve the needs of local residents and create a balanced tax base.**

ED-2-p3      Discourage commercial development that tends to be visually or environmentally disruptive by its very nature; i.e. preferences towards large or tall signs, intensive lighting required, large impermeable surface areas needed, idling vehicles inherent as part of the use, and so on. (See Land Use element)

ED-3-p3      Ensure industrial development, if permitted, is located where it does not disrupt traffic patterns or disturb rural character. (See Land Use element)

**ED-3      Encourage agri-tourism to promote economic development, help nursery and agricultural uses remain economically viable and competitive with non-agricultural uses of the land, and maintain the semi-rural character of the township.**

ED-3-p1      Work with local farmers, tourism associations, agricultural trade associations, the local Cooperative Extension agency, and other agencies to develop coordinated programs that promote agri-tourism. (See Land Use element)

ED-3-p2      Limit regulation of farm improvement projects and routine agricultural operations only to the extent to protect health, safety and welfare. (See Land Use element)

ED-3-p3      Remove barriers in the zoning resolution that prohibit agri-tourism related land uses. (See Land Use element)

**ED-4      Economic development efforts will be primarily market-oriented, and not driven by incentives.**

ED-4-p1      Use of incentives and other government assistance, such as property acquisition through eminent domain, should not be directed at specific retail businesses.

ED-4-p2      Discourage subsidizing commercial and industrial uses with tax abatement or other financial incentives that would place the burden of tax revenue generation on residential uses and existing businesses.



- ED-4-p3      Discourage the granting of zoning variances to permit development that is visually intrusive, or which would harm the sense of place and semi-rural character of the township, for the sake of attracting a business or the community.